

COPY

IN THE CIRCUIT COURT OF SEBASTIAN COUNTY, ARKANSAS
FILED
VI DIST. FT. SMITH DIST.
CRAWFORD-SEBASTIAN COMMUNITY DEVELOPMENT COUNCIL, INC. A 10:37 AUG 30 A 10:37 PLAINTIFF
CIR. CLERK SEC. CIR. CLERK SEC.

vs.

NO.

CV-19-758

NEW HAMPSHIRE INSURANCE COMPANY
(A CAPITAL STOCK COMPANY)

DEFENDANT

COMPLAINT

COMES NOW the Plaintiff, Crawford-Sebastian Community Development Council, Inc., ("CSCDC"), and for its causes of action against Defendant, New Hampshire Insurance Company ("NHIC"), does hereby allege and state as follows:

STATEMENT OF FACTS

1. Plaintiff is an Arkansas non-profit company with its principal place of business located in Fort Smith, Sebastian County, Arkansas.
2. Plaintiff has an insurable interest in all property located at 1617 Zero St., Fort Smith, AR, 72901, and 2920 South Zero St., Fort Smith, Arkansas 72901 (hereinafter referred to as the "Covered Property").
3. Defendant is a foreign insurance company engaged in the business of selling property and casualty insurance in the State of Arkansas. The Registered Agent for service of process upon the Defendant is the Corporation Service Company located at 300 Spring Bldg., Suite 900, 300 S. Spring Street, Little Rock, Arkansas, 72201.
4. Plaintiff entered into a contract for insurance with Defendant to provide coverage for its Covered Property. Plaintiff's insured property is located in

Sebastian County, Arkansas.

5. Defendant issued the commercial policy of insurance, Policy No. 01-LX-066419275-0 (hereinafter the "Policy"), to the Plaintiff which was in effect from July 10, 2016, through July 10, 2017 (hereinafter the "Policy Period").
6. The Policy unambiguously states that Windstorm or Hail is a Covered Cause of Loss and in pertinent part further provides as follows:

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

...

COMMERCIAL PROPERTY CONDITIONS

...

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

...

ARKANSAS CHANGES

This endorsement modifies insurance produced under the following:

...

COMMERCIAL PROPERTY COVERAGE PART

...

- D.1. This Paragraph, D.2., does not apply to the following:
Farm Liability Coverage Form
Legal Liability Coverage Form
2. The 2-year limitation in the Legal Action Against Us Condition is changed to 5 years.

See Policy excerpts attached as Exhibit 1.

7. Despite the Arkansas Changes Endorsement, form number IL 01 63 09 07, providing for a 5-year limitation deadline to bring a legal action, Defendant required Plaintiff to bring a legal action within 2 years. Specifically, when Plaintiff asked about the 5-year limitation deadline, Defendant and/or its representatives misrepresented that, "[t]he statute is 2yrs. The endorsements do not extend policy conditions only coverage's [sic] and limitations." Consequently, the Defendant by and through its retained third-party Administrator, Athens Administrators ('Athens'), confirmed an incorrect, false and misleading "agreement" to toll a 2 year limitation to bring legal action against the carrier due to expire on 6/30/19 by 60 days to 8/30/19. See Exhibit 2.
8. Defendant represented to Plaintiff it would conduct itself in accordance with Arkansas law and would fully and faithfully investigate and pay claims. Plaintiff relied on said representations.
9. During the Policy Period, the Covered Property was severely damaged as a direct result of a Covered Cause of Loss.
10. Plaintiff timely and properly submitted a claim to Defendant for the direct

physical loss of or damage to Covered Property incurred due to the Covered Cause of Loss during the Policy Period.

11. Defendant confirmed the Covered Cause of Loss to Plaintiff's Property was due to Windstorm or Hail and the loss was covered under the terms and conditions of the Policy with Defendant. Thereafter, Defendant assigned a claim number of CP179919.
12. At all times relevant hereto, Defendant alone was responsible for all claims handling of claim number CP179919.

FIRST CAUSE OF ACTION
BREACH OF CONTRACT

13. Plaintiff adopts and incorporates by reference paragraphs 1 through 12 above as if fully plead herein, and for further claims against the Defendant alleges as follows:
14. Plaintiff entered into a contract for insurance with Defendant to provide coverage for the Covered Property, business loss, and/or business personal property.
15. At all times material hereto the Policy was in full force and effect.
16. Plaintiff provided timely and proper notice of its claim for all covered damages resulting from the Covered Cause of Loss during the Policy Period.
17. Plaintiff has complied with the terms, conditions and all conditions precedent under the Policy.
18. As to the Covered Cause of Loss that underlies Plaintiff's claim, Defendant

retained the services of Athens as the authorized third-party administrator to investigate the Plaintiff's claim. Athens then retained the services of Parker Loss Consultants ("Parker") to inspect the Plaintiff's covered damages. Athens also retained the engineering services of Envista Forensics ("Envista") to assist in the investigation of Plaintiff's claim.

19. Based on an improper investigation and inspection of the loss by Athens, Parker and/or Envista, the Defendant has wrongfully delayed the claim and failed to accept or reject the claim to date.
20. As a result, Defendant has paid \$0.00 in insurance benefits to date for those losses covered by the Policy.
21. Conversely, Plaintiff received estimates from its Arkansas licensed commercial contractor that confirm the replacement cost value to for those losses to Covered Property covered by the Policy total \$846,044.86, as follows:
 - Prem 4/Bldg 1 [1617 Zero St., Fort Smith, AR, 72901] = \$379,167.40.
 - Prem 5/Bldg 1 [2920 South Zero St., Fort Smith, Arkansas 72901] = \$466,877.46. See Exhibits 3 & 4, respectively.
22. By failing to fully indemnify Plaintiff for losses covered by the contract of insurance in a timely and proper manner, Defendant has breached their contractual obligations under the terms and conditions of the Policy with Plaintiff.
23. Defendant's conduct is the proximate cause of Plaintiff's damages.

24. As a result of the Defendant's breach of contract, Plaintiff has sustained financial losses.
25. Pursuant to Ark. Code Ann. § 23-79-208, Plaintiff seeks judgment against Defendant herein in the amount of \$846,044.86 representing the proper amount required to restore Plaintiff to its pre-loss condition as a result of the Covered Cause of loss causing direct physical loss or damage to the Covered Property; plus both pre-judgment and post-judgment interest thereon until fully paid at the highest rate provided by law; plus the 12% penalty prescribed by Arkansas law including Ark. Code Ann. § 23-79-208; plus all attorney fees, costs and expenses for the prosecution and collection of the loss as prescribed by Arkansas law including Ark. Code Ann. § 23-79-208.

SECOND CAUSE OF ACTION
BAD FAITH

26. Plaintiff adopts and incorporates by reference paragraphs 1 through 24 above as if fully plead herein, and for further claims against the Defendant alleges as follows:
27. Defendant owes a duty to Plaintiff to deal fairly and act in good faith.
28. Defendant breached the duty to deal fairly and act in good faith by failing to timely and properly investigate, evaluate and/or pay Plaintiff's claim.
29. Defendant's obligations to Plaintiff arise from both express written terms under the Policy as well as implied obligations under Arkansas law.
30. Defendant's conduct is a material breach of the terms and conditions of the

insurance contract entered into with Plaintiff and constitutes bad faith.

31. Despite Defendant and Defendant's representatives identifying windstorm and hail damage to the roofs, roof appurtenances, exteriors and interiors of Plaintiff's Covered Property, Defendant failed to pay for any of the direct physical loss of or damage to Covered Property caused by the Covered Cause of Loss of Windstorm and Hail.
32. Defendant failed to accept or reject the claim in a timely and proper manner.
33. Defendant failed to prepare a reasonable and proper estimate of the covered damages to Covered Property.
34. Defendant also knowingly hired and/or utilized the services of unqualified consultants or third-parties to assist in the investigation of Plaintiff's claim.
35. Defendant also knowingly relied upon consultants and third-parties it retained whose findings and estimates were inadequate, improper, inconsistent with the Policy, and/or failed to properly account for all covered damages to Plaintiff's Covered Property.
36. Upon information and belief, adjusters and/or representatives of Defendant who were not licensed in Arkansas to work property claims handled the Plaintiff's claim and/or made coverage and policy decisions affecting Plaintiff's claim.
37. Defendant retained the services of an engineer to inspect the Plaintiff's Covered Property and to date has failed and continues to fail to produce a copy of any engineer report and lab test results from core samples taken from

the roofs, despite repeated requests from Plaintiff to do so.

38. Defendant owes for all direct physical damages resulting from any Covered Cause of Loss not otherwise limited or excluded by the express terms of the Policy.
39. Defendant ignored direct physical loss of or damage to Covered Property under the Policy for financial gain.
40. As a direct and proximate result of Defendant's bad faith conduct, Plaintiff's claim was unnecessarily delayed, inadequately investigated by incompetent and unqualified individuals, and wrongfully underpaid. Said actions resulted in additional profits and a financial windfall to Defendant, and to the damage and detriment of Plaintiff.
41. Defendant engages in a profit-sharing program that provides financial incentives to its employees to underpay and/or deny claims.
42. The conduct of Defendant was intentional, willful, malicious, and in reckless disregard to the rights of Plaintiff, and said conduct is sufficiently egregious in nature to warrant the imposition of punitive damages.
43. Plaintiff further alleges Defendant benefited from increased financial benefits and ill-gotten gains as a direct result of the intentional and wrongful conduct described above, which resulted in further damage to the Plaintiff.
44. Plaintiff should be awarded both compensatory and punitive damages for Defendant's bad faith handling of the Plaintiff's claim under the Policy for covered damages sustained to the Covered Property. Defendant's conduct

has been dishonest, abusive, coercive and malicious, and the same has and continues to cause harm and damages to Plaintiff.

PRAYER FOR RELIEF

WHEREFORE, premises considered, the Plaintiff prays for judgment against Defendant as follows:

- a. Payment of all contractual benefits for all coverages afforded to Plaintiff under the subject Policy resulting from the Covered Cause of Loss during the Policy Period, together with interest on all amounts due;
- b. Actual and punitive damages each in the amounts and for the things hereinabove set forth;
- c. Disgorgement of the increased financial benefits derived by Defendant as a direct result of Defendant's wrongful or intentional, willful, malicious and/or reckless conduct; and
- d. Pursuant to Ark. Code Ann. § 23-79-208, pre-judgment and post-judgment interest, costs and expenses, attorneys' fees, and any other relief deemed equitable and just.

Demand for Jury Trial: The Plaintiff hereby respectfully demands that all issues and claims herein be tried to and determined by a jury.

Respectfully submitted,

MERLIN LAW GROUP
Attorneys for Plaintiff
515 Post Oak Blvd., Suite 510
Houston, Texas 77027
Phone: (713) 626-8880
Fax: (713) 626-8881

By: J. Ryan Fowler
J. Ryan Fowler
Ark. Bar No. 2014109
E-Mail: jrfowler@merlinlawgroup.com

ATTORNEY LIEN CLAIMED

Common Policy Declarations

GENERAL CHANGE ENDORSEMENT

NAME AND ADDRESS OF PRODUCER Care Providers Insurance Services LLC 16301 Quorum Dr Suite 130B Addison TX 75001 0000088333	INSURANCE COMPANY New Hampshire Insurance Company (a capital stock company) 175 Water Street - 18th Floor. New York NY 10038
NAME AND MAILING ADDRESS OF INSURED CRAWFORD-SEBASTIAN COMMUNITY DEVELOPMENT COUNCIL, INC. P O BOX 180070 FORT SMITH AR 72918	POLICY NUMBER 01-LX -066419275-0/001 POLICY PERIOD FROM: 07-10-16 TO: 07-10-17 at 12:01 A.M. standard time at the mailing address shown.

EFFECTIVE 08-19-16 INSURED'S ADDRESS IS AMENDED AS SHOWN ABOVE

BY:

E. Abell
AUTHORIZED REPRESENTATIVE

Common Policy Declarations

DECLARATIONS

NAME AND ADDRESS OF PRODUCER Care Providers Insurance Services LLC 16301 Quorum Dr Suite 130B Addison TX 75001 0000088333	INSURANCE COMPANY New Hampshire Insurance Company (a capital stock company) 175 Water Street - 18th Floor. New York NY 10038
NAME AND MAILING ADDRESS OF INSURED CRAWFORD-SEBASTIAN COMMUNITY DEVELOPMENT COUNCIL, INC. P O BOX 4069 FORT SMITH AR 72914	POLICY NUMBER 01-LX -066419275-0/000 POLICY PERIOD FROM: 07-10-16 TO: 07-10-17 at 12:01 A.M. standard time at the mailing address shown.

THE NAMED INSURED IS : CORPORATION BUSINESS DESC : SOCIAL SERVICE

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.	
COMMERCIAL PROPERTY COVERAGE PART	PREMIUM
COMMERCIAL GENERAL LIABILITY COVERAGE PART	
COMMERCIAL CRIME COVERAGE PART	
COMMERCIAL INLAND MARINE COVERAGE PART	NOT COVERED
COMMERCIAL AUTO COVERAGE PART	NOT COVERED
GARAGE COVERAGE PART	NOT COVERED
MISCELLANEOUS PROFESSIONAL LIABILITY	
ESTIMATED TOTAL PREMIUM	
THE POLICY WRITING NONREFUNDABLE MINIMUM PREMIUM IS \$100	

FORMS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGE PARTS 89644 (06-13) 2L0017 (11-98) 2L0231 (09-08) 118477 (03-15) 2L0003 (09-08) 91222 (04-13) 96556 (01-15)	
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THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

BY:

AUTHORIZED REPRESENTATIVE

Commercial Property

DECLARATIONS

NAME AND ADDRESS OF PRODUCER Care Providers Insurance Services LLC 16301 Quorum Dr Suite 130B Addison TX 75001 0000088333	INSURANCE COMPANY New Hampshire Insurance Company (a capital stock company) 175 Water Street - 18th Floor. New York NY 10038
NAME AND MAILING ADDRESS OF INSURED CRAWFORD-SEBASTIAN COMMUNITY DEVELOPMENT COUNCIL, INC. P O BOX 4069 FORT SMITH AR 72914	POLICY NUMBER 01-LX -066419275-0/000 POLICY PERIOD FROM: 07-10-16 TO: 07-10-17 At 12:01 A.M. standard time at the mailing address shown.

BUILDING-4

PREM. NO. 3 BLDG. NO. 1 3428 ARMOUR AVE FORT SMITH, AR 72901				
COVERAGES PROVIDED				
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN				
COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	LIMIT OF INSURANCE
		\$		\$
BUILDING	SPECIAL-Incl theft	5,000	90%	SEE BLANKET SUMMARY
BUSINESS PERSONAL PROPERTY	SPECIAL-Incl theft	5,000	90%	SEE BLANKET SUMMARY
OPTIONAL COVERAGES				
BUILDING: REPLACEMENT COST PERSONAL PROPERTY: REPLACEMENT COST WINDSTORM & HAIL DEDUCTIBLE: \$25,000				

BUILDING-5

PREM. NO. 4 BLDG. NO. 1 1617 ZERO ST. FORT SMITH, AR 72901				
COVERAGES PROVIDED				
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN				
COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	LIMIT OF INSURANCE
		\$		\$
BUILDING	SPECIAL-Incl theft	5,000	90%	SEE BLANKET SUMMARY
BUSINESS PERSONAL PROPERTY	SPECIAL-Incl theft	5,000	90%	SEE BLANKET SUMMARY
BUSINESS INCOME - INCLUDING RENTAL VALUE				
BUSINESS INCOME WITH EXTRA EXPENSE	SPECIAL-Incl theft		80%	100,000

Commercial Property

DECLARATIONS

NAME AND ADDRESS OF PRODUCER Care Providers Insurance Services LLC 16301 Quorum Dr Suite 130B Addison TX 75001 0000088333	INSURANCE COMPANY New Hampshire Insurance Company (a capital stock company) 175 Water Street - 18th Floor. New York NY 10038
NAME AND MAILING ADDRESS OF INSURED CRAWFORD-SEBASTIAN COMMUNITY DEVELOPMENT COUNCIL, INC. P O BOX 4069 FORT SMITH AR 72914	POLICY NUMBER 01-LX -066419275-0/000 POLICY PERIOD FROM: 07-10-16 TO: 07-10-17 At 12:01 A.M. standard time at the mailing address shown.

OPTIONAL COVERAGES

BUILDING: REPLACEMENT COST
 WINDSTORM & HAIL DEDUCTIBLE: \$25,000

PERSONAL PROPERTY: REPLACEMENT COST

BUILDING-6

PREM. NO. 5 BLDG. NO. 1 2920 SOUTH ZERO STREET FORT SMITH, AR 72901				
COVERAGES PROVIDED				
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN				
COVERAGE	CAUSE OF LOSS	DED \$	COINSURANCE	LIMIT OF INSURANCE \$
BUILDING	SPECIAL-Incl theft	5,000	90%	SEE BLANKET SUMMARY
OPTIONAL COVERAGES				
BUILDING: REPLACEMENT COST WINDSTORM & HAIL DEDUCTIBLE: \$25,000				

BLANKET SUMMARY - BUILDING AND PERSONAL PROPERTY

COVERAGE	CAUSE OF LOSS	DED \$	COINSURANCE	LIMIT OF INSURANCE \$
BUILDING	SPECIAL-Incl theft	5,000	90%	8,063,943
PERSONAL PROPERTY	SPECIAL-Incl theft	5,000	90%	371,192

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2. Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(5) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the building or structure;
- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES

This endorsement modifies insurance provided under the following:

**CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART**

A. When this endorsement is attached to the Standard Property Policy CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.

B. The following is added to the Common Policy Conditions:

MULTI-YEAR POLICIES

We may issue this policy for a term in excess of twelve months with the premium adjusted on an annual basis in accordance with our rates and rules.

C.1. Except as provided in C.2. below, the Appraisal Condition, if any, is replaced by the following:

- a. If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make a written request for an appraisal of the loss ("loss"). However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss ("loss") appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire.
- b. An appraisal decision will not be binding on either party.
- c. If there is an appraisal, we will still retain our right to deny the claim.

d. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

C.2. The Appraisal Condition in Business Income Coverage Form (And Extra Expense) CP 00 30 Business Income Coverage Form (Without Extra Expense) CP 00 32 and Capital Assets Program Coverage Form (Output Policy), OP 00 01, Paragraph A.7. Business Income And Extra Expense is replaced by the following:

- a. If we and you disagree on the amount of Net income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.
- b. An appraisal decision will not be binding on either party.
- c. If there is an appraisal, we will still retain our right to deny the claim.
- d. Each party will:
 - (1) Pay its chosen appraiser; and
 - (2) Bear the other expenses of the appraisal and umpire equally.

D.1. This Paragraph, D.2., does not apply to the following:

Farm Liability Coverage Form

Legal Liability Coverage Form

2. The 2-year limitation in the Legal Action Against Us Condition is changed to 5 years.



June 28, 2019

Crawford-Sebastian Community Development Council, Inc.
Attn.: Marc Baker
PO Box 180070
Fort Smith, AR 72918

Claim Number: CP179919
Insured: Crawford-Sebastian Community Development Council, Inc
Policy Number: 01-LX-066419275-0
Date of Loss: reported as 6/30/2017
Loss location: Prem 4/Bldg 1 1617 Zero St., Fort Smith, AR 72901
Prem 5/Bldg 1 2920 South Zero St., Fort Smith, AR 72901
Type of Claim: Hail

Dear Mr. Baker:

It has been brought to our attention through discussions with the field adjuster Blake Parker of Parker Loss Consultants, that your representative Allen Satnes of 4-Star General Contracting, has requested an extension of the 2 year limitation on bringing legal action against the carrier Granite State Insurance Company.

We have requested that this request be provided in writing. However, to date we have not received any response to this request.

That said, Granite State Insurance has agreed to suspend the date which was due to expire on 6/30/19. This date will be tolled 60 days to 8/30/19 to allow the investigation to be completed.

Nothing stated in this letter is intended, nor should it be construed to be a waiver of any of the terms or conditions of the policy, nor a waiver of any rights or defenses available to Nova. They specifically reserve any and all such rights and defenses that are apparent or as they may become apparent.

Please realize that Granite State Insurance Company is neither admitting nor denying coverage at this time. If following the aforementioned investigation, there continues to exist certain questions of coverage, you will be advised at that time.

Should you have any questions or wish to discuss this matter further, please feel free to contact the writer directly at (925) 826-1218.

Yours sincerely,

André Adams

André Adams



4 Star General Contracting

512 N. Douglas Ave.
Oklahoma City, OK 73106

Client: CSCDC
Property: 1617 S Zero Street
Fort Smith, AR 72901

Operator: JONATHAN

Estimator: Jonathan Kinder
Position: Estimator
Company: 4 Star General Contracting
Business: 512 N Douglas Ave
Oklahoma City, OK 73106

Business: (405) 928-5780
E-mail: jonathan@4stargc.com

Type of Estimate: Hail
Date Entered: 6/12/2019

Date Assigned:

Price List: ARFS8X_JUN19
Labor Efficiency: Restoration/Service/Remodel
Estimate: CSCDC

The following estimate is based on the damages noted at the time of inspection by a 4 Star General Contracting representative.

During the repair process, any further damages that are discovered or come forth will be submitted in a supplement estimate that will include (but not be limited to) the building permit fee, etc.

4 Star General Contracting reserves the right to incorporate General & Job related overhead and profit into each estimate.

Xactware's white paper on O&P states:

"The building cost data published by Xactware is not designed to be inclusive of sales tax, General O&P, or Job-Related O&P within the unit prices."

"General Overhead are expenses incurred by a General Contractor, that cannot be attributed to individual projects, and include any and all expenses necessary for the General Contractor to operate their business. Example (include but not limited to):

General and Administrative (G&A) expenses, office rent, utilities, office supplies, salaries for office personnel, depreciation on office equipment, licenses, and advertising. Including General Overhead expenses in an Xactimate estimate – General Overhead expenses are not included in Xactware's unit pricing but are typically added to the estimate as a percentage of the total bid along with the appropriate profit margin. These two costs together constitute what is normally referred to in the insurance restoration industry as General Contractor's O&P. General Overhead and Profit percentages can be added in the Estimate Parameters window within an Xactimate estimate.

"Job-Related Overhead are expenses that can be attributed to a project but cannot be attributed to a specific task and include any and all necessary expenses to complete the project other than direct materials and labor. Examples (including but not limited to): Project managers, onsite portable offices and restroom facilities, temporary power and fencing, security if needed, etc."

4 Star General Contracting also reserves the right to incorporate waste factors into material quantities to more accurately estimate the cost of repair and replacement. Details on applied waste factors will be attached to each line item they apply to.



4 Star General Contracting

512 N. Douglas Ave.
Oklahoma City, OK 73106

CSCDC Main Level



Flat Roof

54,900.22 Surface Area
980.08 Total Perimeter Length

549.00 Number of Squares

DESCRIPTION	QTY	REMOVE	REPLACE	TAX	TOTAL
1. Remove Fiberboard - 2"	54,900. SF	0.27	0.00	0.00	14,823.06
	22				
2. Tear off, haul and dispose of modified bitumen roofing	549.00 SQ	32.60	0.00	0.00	17,897.40
3. Insulation - ISO board, 3 1/2"	549.00 SQ	0.00	285.79	8,756.56	165,655.27
4. Modified bitumen roof	549.00 SQ	0.00	244.89	5,149.88	139,594.49
5. R&R Cap flashing	734.00 LF	0.36	15.53	771.47	12,434.73
6. R&R Gravel stop	280.00 LF	0.20	1.29	18.02	435.22
7. R&R Gutter / downspout - box - galvanized - 6"	439.00 LF	0.31	8.21	203.31	3,943.59
8. Packaged air conditioning unit - Detach & reset	4.00 EA	0.00	754.67	0.00	3,018.68
Totals: Flat Roof				14,899.24	357,802.44

Metal Roof

1,894.19 Surface Area
303.08 Total Perimeter Length
47.10 Total Hip Length

18.94 Number of Squares

DESCRIPTION	QTY	REMOVE	REPLACE	TAX	TOTAL
9. R&R Metal roofing - ribbed - 24 gauge - 1 1/8" to 1 1/2"	1,894.19 SF	0.31	4.54	384.14	9,570.96
10. R&R Ridge cap - metal roofing	44.00 LF	1.86	4.19	9.57	275.77
11. R&R Steel rake/gable trim - color finish	85.00 LF	0.36	4.42	20.39	426.69
12. R&R Gutter / downspout - box - galvanized - 7" to 8"	235.00 LF	0.31	12.93	215.15	3,326.55



4 Star General Contracting

512 N. Douglas Ave.
Oklahoma City , OK 73106

CONTINUED - Metal Roof

DESCRIPTION	QTY	REMOVE	REPLACE	TAX	TOTAL
Totals: Metal Roof				629.25	13,599.97
Total: Main Level				15,528.49	371,402.41

General Conditons

DESCRIPTION	QTY	REMOVE	REPLACE	TAX	TOTAL
13. Commercial Supervision / Project Management - per hour	30.00 HR	0.00	51.49	0.00	1,544.70
14. Telehandler/forklift (per week) - no operator	2.00 WK	0.00	1,310.16	0.00	2,620.32
15. Dumpster load - Approx. 40 yards, 7-8 tons of debris	4.00 EA	746.64	0.00	291.19	3,277.75
16. Temporary toilet - Minimum rental charge	1.00 EA	0.00	101.24	0.00	101.24
17. Temporary fencing - 5-8 months (per month)	100.00 LF	0.00	0.94	0.00	94.00
18. Caution tape	1,000.00 LF	0.00	0.07	0.98	70.98
19. Traffic cones (per unit, per day)	80.00 DA	0.00	0.70	0.00	56.00
Totals: General Conditons				292.17	7,764.99
Line Item Totals: CSCDC				15,820.66	379,167.40

Grand Total Areas:

0.00 SF Walls	0.00 SF Ceiling	0.00 SF Walls and Ceiling
0.00 SF Floor	0.00 SY Flooring	0.00 LF Floor Perimeter
0.00 SF Long Wall	0.00 SF Short Wall	0.00 LF Ceil. Perimeter
0.00 Floor Area	0.00 Total Area	0.00 Interior Wall Area
2,431.85 Exterior Wall Area	0.00 Exterior Perimeter of Walls	
56,794.41 Surface Area	567.94 Number of Squares	1,283.15 Total Perimeter Length
0.00 Total Ridge Length	47.10 Total Hip Length	



4 Star General Contracting

512 N. Douglas Ave.
Oklahoma City, OK 73106

Summary

Line Item Total	363,346.74
Material Sales Tax	15,529.47
Subtotal	378,876.21
Service Sales Tax	291.19
Replacement Cost Value	\$379,167.40
Net Claim	\$379,167.40

Jonathan Kinder
Estimator



4 Star General Contracting

512 N. Douglas Ave.
Oklahoma City, OK 73106

Recap of Taxes

	Material Sales Tax (9.75%)	Cleaning Matl Tax (9.75%)	Service Sales Tax (9.75%)	Manuf. Home Tax (6.5%)	Storage Rental Tax (9.75%)	State Food Tax (1.5%)	Local Food Tax (3.25%)
Line Items							
	15,529.47	0.00	291.19	0.00	0.00	0.00	0.00
Total	15,529.47	0.00	291.19	0.00	0.00	0.00	0.00

**4 Star General Contracting**

512 N. Douglas Ave.
Oklahoma City, OK 73106

Recap by Category

Items	Total	%
GENERAL DEMOLITION	36,935.84	9.74%
HEAVY EQUIPMENT	2,620.32	0.69%
HEAT, VENT & AIR CONDITIONING	3,018.68	0.80%
LABOR ONLY	1,544.70	0.41%
ROOFING	312,263.22	82.35%
SOFFIT, FASCIA, & GUTTER	6,642.74	1.75%
TEMPORARY REPAIRS	321.24	0.08%
Subtotal	363,346.74	95.83%
Material Sales Tax	15,529.47	4.10%
Service Sales Tax	291.19	0.08%
Total	379,167.40	100.00%



4 Star General Contracting

512 N. Douglas Ave.
Oklahoma City, OK 73106

Client: Elevate
Property: 2920 S Zero Street
Ft Smith, AR 72901

Operator: JONATHAN

Estimator: Jonathan Kinder
Position: Estimator
Company: 4 Star General Contracting
Business: 512 N Douglas Ave
Oklahoma City, OK 73106

Business: (405) 928-5780
E-mail: jonathan@4stargc.com

Type of Estimate: Hail
Date Entered: 6/11/2019

Date Assigned:

Price List: ARFS8X_JUN19
Labor Efficiency: Restoration/Service/Remodel
Estimate: ELEVATE

The following estimate is based on the damages noted at the time of inspection by a 4 Star General Contracting representative.

During the repair process, any further damages that are discovered or come forth will be submitted in a supplement estimate that will include (but not be limited to) the building permit fee, etc.

4 Star General Contracting reserves the right to incorporate General & Job related overhead and profit into each estimate.

Xactware's white paper on O&P states:

"The building cost data published by Xactware is not designed to be inclusive of sales tax, General O&P, or Job-Related O&P within the unit prices."

"General Overhead are expenses incurred by a General Contractor, that cannot be attributed to individual projects, and include any and all expenses necessary for the General Contractor to operate their business. Example (include but not limited to):

General and Administrative (G&A) expenses, office rent, utilities, office supplies, salaries for office personnel, depreciation on office equipment, licenses, and advertising. Including General Overhead expenses in an Xactimate estimate – General Overhead expenses are not included in Xactware's unit pricing but are typically added to the estimate as a percentage of the total bid along with the appropriate profit margin. These two costs together constitute what is normally referred to in the insurance restoration industry as General Contractor's O&P. General Overhead and Profit percentages can be added in the Estimate Parameters window within an Xactimate estimate.

"Job-Related Overhead are expenses that can be attributed to a project but cannot be attributed to a specific task and include any and all necessary expenses to complete the project other than direct materials and labor. Examples (including but not limited to): Project managers, onsite portable offices and restroom facilities, temporary power and fencing, security if needed, etc."

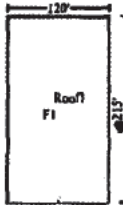
4 Star General Contracting also reserves the right to incorporate waste factors into material quantities to more accurately estimate the cost of repair and replacement. Details on applied waste factors will be attached to each line item they apply to.



4 Star General Contracting

512 N. Douglas Ave.
Oklahoma City, OK 73106

ELEVATE Main Level



Roof

25,804.46 Surface Area
670.07 Total Perimeter Length

258.04 Number of Squares

DESCRIPTION	QTY	REMOVE	REPLACE	TAX	O&P	TOTAL
1. Tear off, haul and dispose of 3 ply built-up roofing	258.04 SQ	37.08	0.00	0.00	1,913.62	11,481.74
2. Tear off, haul and dispose of gravel ballast	258.04 SQ	42.79	0.00	0.00	2,208.30	13,249.83
3. Remove Fiberboard - 1"	25,804.46 SF	0.27	0.00	0.00	1,393.44	8,360.64
4. Tear off, haul and dispose of modified bitumen roofing	258.04 SQ	32.60	0.00	0.00	1,682.42	10,094.52
5. Insulation - ISO board, 3 1/2"	258.04 SQ	0.00	285.79	4,115.74	15,572.20	93,433.19
6. Modified bitumen roof	258.04 SQ	0.00	244.89	2,420.54	13,122.38	78,734.34
7. R&R Gravel stop	670.07 LF	0.20	1.29	43.12	208.30	1,249.82
8. R&R Light weight, gypsum concrete - 1" thick	20,376.00 SF	1.54	2.95	4,171.99	19,132.04	114,792.27
9. R&R Light weight, gypsum concrete - 1" thick	20,376.00 SF	1.54	2.95	4,171.99	19,132.04	114,792.27
10. R&R Gutter / downspout - box - galvanized - 6"	871.00 LF	0.31	8.21	403.38	1,564.86	9,389.16
Totals: Roof				15,326.76	75,929.60	455,577.78
Total: Main Level				15,326.76	75,929.60	455,577.78

General Conditions

DESCRIPTION	QTY	REMOVE	REPLACE	TAX	O&P	TOTAL
11. Commercial Supervision / Project Management - per hour	30.00 HR	0.00	51.49	0.00	308.94	1,853.64
12. Telehandler/forklift (per week) - no operator	2.00 WK	0.00	1,310.16	0.00	524.06	3,144.38
13. Dumpster load - Approx. 40 yards, 7-8 tons of debris	6.00 EA	746.64	0.00	524.14	895.96	5,899.94
14. Temporary toilet (per month)	1.00 MO	0.00	149.66	0.00	29.94	179.60

**4 Star General Contracting**

512 N. Douglas Ave.
Oklahoma City, OK 73106

CONTINUED - General Conditions

DESCRIPTION	QTY	REMOVE	REPLACE	TAX	O&P	TOTAL
15. Temporary fencing - 5-8 months (per month)	100.00 LF	0.00	0.94	0.00	18.80	112.80
16. Caution tape	100.00 LF	0.00	0.07	0.10	1.42	8.52
17. Traffic cones (per unit, per day)	120.00 DA	0.00	0.70	0.00	16.80	100.80
Totals: General Conditions				524.24	1,795.92	11,299.68
Line Item Totals: ELEVATE				15,851.00	77,725.52	466,877.46

Grand Total Areas:

0.00 SF Walls	0.00 SF Ceiling	0.00 SF Walls and Ceiling
0.00 SF Floor	0.00 SY Flooring	0.00 LF Floor Perimeter
0.00 SF Long Wall	0.00 SF Short Wall	0.00 LF Ceil. Perimeter
0.00 Floor Area	0.00 Total Area	0.00 Interior Wall Area
1,304.94 Exterior Wall Area	0.00 Exterior Perimeter of Walls	
25,804.46 Surface Area	258.04 Number of Squares	670.07 Total Perimeter Length
0.00 Total Ridge Length	0.00 Total Hip Length	

**4 Star General Contracting**

512 N. Douglas Ave.
Oklahoma City, OK 73106

Summary

Line Item Total	373,300.94
Material Sales Tax	15,326.86
Subtotal	388,627.80
Overhead	38,862.76
Profit	38,862.76
Service Sales Tax	524.14
Replacement Cost Value	\$466,877.46
Net Claim	\$466,877.46

Jonathan Kinder
Estimator



4 Star General Contracting

512 N. Douglas Ave.
Oklahoma City, OK 73106

Recap of Taxes, Overhead and Profit

Overhead (10%)	Profit (10%)	Material Sales Tax (9.75%)	Cleaning Matl Tax (9.75%)	Service Sales Tax (9.75%)	Manuf. Home Tax (6.5%)	Storage Rental Tax (9.75%)	State Food Tax (1.5%)	Local Food Tax (3.25%)
Line Items								
38,862.76	38,862.76	15,326.86	0.00	524.14	0.00	0.00	0.00	0.00
Total								
38,862.76	38,862.76	15,326.86	0.00	524.14	0.00	0.00	0.00	0.00

**4 Star General Contracting**

512 N. Douglas Ave.
Oklahoma City, OK 73106

Recap by Category

O&P Items	Total	%
CONCRETE & ASPHALT	120,218.40	25.75%
GENERAL DEMOLITION	103,630.89	22.20%
HEAVY EQUIPMENT	2,620.32	0.56%
LABOR ONLY	1,544.70	0.33%
ROOFING	137,801.06	29.52%
SOFFIT, FASCIA, & GUTTER	7,150.91	1.53%
TEMPORARY REPAIRS	334.66	0.07%
O&P Items Subtotal	373,300.94	79.96%
Material Sales Tax	15,326.86	3.28%
Overhead	38,862.76	8.32%
Profit	38,862.76	8.32%
Service Sales Tax	524.14	0.11%
Total	466,877.46	100.00%